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SOVIET BLOC EXPANDING TRADE WITH WEST

A. Factors making for trade expansion.

- (1) Limited increase for 1953 reverses downward trend in East-West trade.
- (2) Primary cause is bloc willingness to expand traditional exports.
- (3) Bloc countries, more reasonable and realistic in trade negotiations, are taking advantage of pressures on Western governments of influential business groups who are seeking Eastern markets.
- (4) Korean truce increasing Western pressure for relaxation of export controls.

B. Goals of bloc in seeking trade expansion.

- (1) Exploiting political friction between Western nations.
- (2) Obtaining more industrial goods scarce in bloc both by evading and then weakening Western export controls.
- (3) Importing more consumer goods to implement "softer" internal economic policy.

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SOVIET BLOC EXPANDING TRADE WITH WEST

A. Soviet trade with the West rising.

- (1) Soviet bloc increases trade with the West from \$1.7 billion in 1952 to \$2.0 billion in 1953.
- (2) Some new bloc trade agreements with Western countries for the first time since the war.
- (3) USSR-French trade agreement for 1953 triples trade from \$24 million (1952) to \$68 million; Danish trade increases from \$23 million to \$42 million; Greece increases trade from virtually nothing to \$20 million; Argentine-USSR trade agreement, the first since 1947, amounts to \$180 million; trade with Latin America rising sharply in 1953.
- (4) USSR is making unusual food purchases in addition to those included in trade agreements, i.e., Dutch and Danish butter, Australian meat.
- (5) [redacted] imports of strategic goods are rising and will exceed 1952 level of about \$250 million.

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(6) Primary reasons for trade increase with the West is new Soviet willingness to export large amounts of grains and basic raw materials.

(7) Soviet willingness to buy large amounts of consumer goods improves its bargaining position.

(8) Weak economic position of Western countries aids Soviet trade tactics.

(9) Korean truce increases internal pressure on Western governments to seek Soviet bloc markets.

(10) British and French firms recently signed trade contracts with Communist China amounting to \$34 million.

(11) Bloc's trade tactics supported by high-powered propaganda drive directed at US tariff walls.

B. Goals of bloc in seeking trade expansion.

(1) Exploiting political friction between Western countries.

(2) Weakening export controls.

(3) Obtaining more industrial goods of kind still scarce in bloc.

(4) Importing more consumer goods to implement "softer" internal economic policy.

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- (5) Laying groundwork for further trade as tactic to implement conciliatory policy toward the West.
- (6) Using trade as lever to extend political influence in under-developed countries.

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